

Message Text

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ACTION EUR-25

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SUBJECT: PERSONNEL AND STRUCTURAL CHANGES IN GDR COUNCIL OF MINISTERS

REF: A) BERLIN 8; B) BERLIN A-231, OCT. 12, 1973

1. SUMMARY: GDR COUNCIL OF MINISTERS ON FEBRUARY 14
MOVED TO TIGHTEN OPERATIONAL PROCEDURES IN ECONOMIC
SPHERE BY ASSIGNING ADDITIONAL MINISTERIAL PORTFOLIOS
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TO ITS DEPUTY CHAIRMEN AND UPGRADING STATUS OF STATE

PLANNING COMMISSION AND STATE CONTRACT COURT. DECISIONS PROBABLY SHOULD ALSO BE VIEWED AS EFFORT TO DEAL MORE EFFECTIVELY WITH SLOWDOWN IN ECONOMIC GROWTH WHICH APPARENTLY BEGAN IN LAST HALF OF 1973 AND MAY HAVE CONTINUED INTO CURRENT YEAR. END SUMMARY.

2. NOT SURPRISINGLY, PERSONNEL AND ORGANIZATIONAL SHIFTS ANNOUNCED IN NEUES DEUTSCHLAND (ND) OF FEBRUARY 15 IMPACT PARTICULARLY ON THOSE ASPECTS OF 1973 ECONOMIC PERFORMANCE WHICH WERE CRITICIZED AT MOST RECENT SED CC PLENUMS AND WHICH ARE ALSO CRUCIAL TO FULFILLMENT OF 1974 PLAN, I.E., INVESTMENTS, PRACTICAL APPLICATION OF R&D, AND MANAGEMENT OF SUPPLIES AND RAW MATERIALS. REORGANIZATION CLEARLY REFLECTS IMPORTANCE ATTACHED BY GDR LEADERSHIP TO GETTING A BETTER HANDLE ON PLANNING AND DIRECTION OF ECONOMY AND AT SAME TIME SERVES FURTHER TO IMPLEMENT OCTOBER 1972 LEGISLATION STRENGTHENING COUNCIL OF MINISTERS CONTROL OVER GOVERNMENTAL OPERATIONS.

3. AS WAS CASE IN SEPTEMBER 1973, WHEN GUENTHER KLEIBER WAS GIVEN A NEW MINISTERIAL PORTFOLIO (REFAIR), MOST RECENT CHANGES GAVE LINE RESPONSIBILITIES TO OTHER DEPUTY CHAIRMEN OF COUNCIL, WHO HAD PREVIOUSLY EXERCISED NO SPECIFIC MINISTERIAL DUTIES: WOLFGANG RAUCHFUSS IS TO HEAD MINISTRY FOR PROCUREMENT AND CONTROL OF SUPPLIES, FOR INDUSTRY AND HERBERT WEIZ IS TO TAKE OVER MINISTRY OF SCIENCE AND TECHNOLOGY. MANFRED FLEGEL, UNTIL NOW MINISTER FOR PROCUREMENT AND CONTROL OF SUPPLIES FOR INDUSTRY, WAS APPOINTED CHAIRMAN OF STATE CONTRACT COURT, WHICH IS DIRECTLY SUBORDINATE TO COUNCIL OF MINISTERS AND ATTEMPTS, THROUGH MONETARY SANCTIONS, TO ENSURE ENTERPRISE ADHERENCE TO CONTRACTS.

4. KURT FICHTNER, WHO IN GAME OF MUSICAL CHAIRS LOST POSITION AS DEPUTY CHAIRMAN BUT REMAINED MEMBER OF COUNCIL OF MINISTERS, WENT TO STATE PLANNING COMMISSION AS DEPUTY CHAIRMAN FOR INVESTMENT COORDINATION. FACT THAT COMMISSION NOW BOASTS THREE COUNCIL OF MINISTERS MEMBERS (INCLUDING SCHUERER, CHAIRMAN, AND KLOPFER, STATE SECRETARY) APPEARS REFLECT INTENTION LIMITED OFFICIAL USE

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TO STRENGTHEN COMMISSION SO THAT IT CAN BETTER DISCHARGE AUGMENTED DUTIES LEVIED ON IT BY NEW STATUTE OF AUGUST 1973. ACCORDING TO THIS LAW, COMMISSION IS CHARGED WITH SUPERVISORY AND CENTRAL ROLE IN DEVELOPMENT AND EXECUTION OF ECONOMIC AND SOCIAL PLANNING. SPECIFICALLY, IT IS "ENTITLED AND OBLIGATED" TO ASSIGN TASKS TO MINISTERS AND DIRECTORS OF OTHER STATE ORGANS IN THEIR AREAS OF RESPONSIBILITY.

5. GUENTER PREY, WHO HAD BEEN MINISTER FOR SCIENCE AND TECHNOLOGY, WAS DEMOTED TO NUMBER-TWO POSITION IN CHEMICAL INDUSTRY MINISTRY, A POSITION HE HAD ALREADY HELD IN 1966-67. FINALLY, UDO-DIETER WANGE WAS APPOINTED MINISTER FOR DISTRICT-MANAGED INDUSTRY AND FOODSTUFFS INDUSTRY, REPLACING ERHARD KRACK, WHO HAD BEEN DESIGNATED LORD MAYOR OF EAST BERLIN ON FEBRUARY 11.

6. PERSONNEL AND ORGANIZATIONAL SHUFFLE IN ECONOMIC SPHERE AND PARTICULARLY IN AREAS DEEMED CRUCIAL TO FULFILLMENT OF 1974 PLAN WAS PROBABLY ALSO AN EFFORT TO REVERSE DECLINE IN GROWTH OF GDR ECONOMY WHICH SET IN DURING CLOSING MONTHS OF 1973. PLAN FULFILLMENT DATA FOR 1973 (ND OF JANUARY 18) APPEAR TO CONFIRM PRELIMINARY MISSION ASSESSMENT (REFTEL) THAT GDR ECONOMY, INCLUDING AGRICULTURE, HAD EXPERIENCED GENERALLY SATISFACTORY PROGRESS LAST YEAR. BUT COMPARISON OF END-OF-YEAR FIGURES WITH THOSE FOR FIRST SIX MONTHS MAKE CLEAR THAT RATE OF ECONOMIC GROWTH SLOWED DURING LATTER PART OF 1973. INDEED, FEAR WAS EVEN EXPRESSED BY SED ECONOMIC SECRETARY KROLIKOWSKI AT ELEVENTH CC PLENUM LAST DECEMBER THAT JANUARY 1974 PRODUCTION IN SEVERAL ENTERPRISES WOULD FALL "CONSIDERABLY" BELOW THAT OF PRECEDING MONTHS DUE TO INADEQUATE RAW-MATERIAL AND OTHER SUPPLIES.

7. WHILE LABOR SHORTAGES, INFRA-STRUCTURE SHORTCOMINGS, AND SHORTFALLS OF RAW MATERIALS AND INTERMEDIATE PRODUCTS ARE TRADITIONAL EAST GERMAN ECONOMIC PROBLEMS, THEY NOW SEEM TO BE EVEN MORE ACCUTE THAN IN RECENT PAST. CONSEQUENTLY, THE 5.4 PERCENT INCREASE IN PRODUCED NATIONAL INCOME EXPECTED BY 1974 PLAN (WHICH ALMOST EQUALS THE LIMITED OFFICIAL USE

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5.5 PERCENT GROWTH ACHIEVED IN 1973) WILL HAVE TO BE DERIVED LARGELY FROM PROJECTED 6.0 PERCENT INCREASE IN INDUSTRIAL LABOR PRODUCTIVITY--AN AMBITIOUS UNDERTAKING WHICH IS NOT LIKELY TO BE MADE MORE REALIZABLE THROUGH ADMINISTRATIVE REORGANIZATION ALONE.KLEIN

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